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MEMORANDUM FOR: Deputy Director for Support

SUBJECT : Review of the Agency Retirement Policy

1. The attached staff study contains recommendations for your action. These recommendations are contained in paragraph 6.
2. At your request, I have surveyed the Office Directors of the Support Services to review and determine the suitability, for the Support Services, of the present Agency policy to encourage retirement at 60 years of age. The results of the survey and my recommendations are contained in the attached staff study.
3. While resentment of employees to the Agency's retirement policy is prevalent in the staff study, it is believed that the major cause of this resentment will be removed in 3 to 5 years. Most resentment has resulted from a feeling, on the part of employees who came to this Agency from other Government agencies, that the understanding they had on retention of their Civil Service rights has been violated. While it may be a difficult period, a continuation of the present Agency retirement policy will require the retirement of most of the transfer-category personnel, therefore effectively removing most of the problem. As the Agency Career Service grows, each employee, aware that he is expected to retire at 60, will have no basis for the resentment felt today.
4. The resentment indicated above is primarily based on the policy that "expects" retirement at 60 years of age. Although there are minor differences noted by the Office Directors in respect to retirement at 60 or 62 years of age, there is agreement that, at either age, the Agency is acting on very questionable legal authority when it "expects" retirement prior to 70 under the Civil Service Retirement Act. While it was the observation of most Office Directors that personnel accepted Agency policy, discussions with the personnel in the Retirement Counseling Branch and other administrative personnel indicate dissatisfaction among recent retirees. It is reasonable to believe that, sometime soon, the legality of this policy will be tested in the courts.

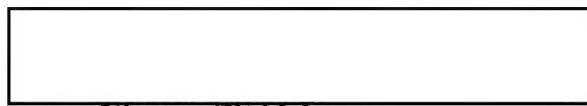
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5. An analysis of Agency personnel statistics indicates that over 100 employees in grades GS-13 through GS-18 and over 60 years of age have been on duty each year during the period 1963 through 1967. Annual totals ranged from 105 to 120 employees. Of these, about 20 percent are members of the Support Services. A further check of the records indicates that about half of these individuals are serving on extensions in excess of one year past the expected retirement date. While in relation to total Agency employment this number is low, it does continue to provide a source of resentment on the part of personnel forced to retire under the Agency policy.

6. There is a serious potential problem that may arise if the early retirement options are used primarily to encourage weak employees to retire early. Although there is no indication that such is the case, at present, any association of early retirement with a weeding-out process will lower the prestige of the program and have a detrimental effect on the long-range objectives of the overall Agency retirement program. A program, tainted with the brush of a "701 program," will find few takers in the Agency. The success of the present policy requires a strong personnel relations job that will build and maintain the prestige of the Agency Retirement System.



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George F. Meloon
Director of Logistics

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SUBJECT: DD/S Retirement Study

1. PROBLEM

In response to a request by the Deputy Director for Support, review and determine the suitability for the Support Services of the present policy to encourage retirement at 60 years of age.

2. ASSUMPTION

The regulations of the Civil Service Retirement (CSR) Act will remain the same.

3. FACTS BEARING ON THE PROBLEM

- a. This Agency has and will continue to have a requirement for young, viable, and highly qualified personnel to serve anywhere in the world at the discretion of the Director.
- b. Few Support personnel who have qualified for the CIA Retirement (CIAR) System have optioned for early retirement.
- c. The present Agency policy of retirement at age 60 under the CSR System has caused discontent among some employees.
- d. There is some feeling on the part of Agency employees that the present retirement policy is not administered fairly across the board.
- e. Because of large-scale inputs of personnel in the late 1940's and early 1950's, there is considerable impaction at certain age and GS groups.

4. DISCUSSION

- a. Discussions with senior personnel from each Office in the Support Services indicate that each Office can not only live with the present policy of retirement at 60 years of age but, with very few exceptions, it is believed that this is in the best interest of the Agency. A few senior officers believe that a retirement age of 62 is more acceptable on the part of employees and that retirement at 62 would not have any serious effects on their Career Services. There was no indication that the Agency should lower the mandatory retirement age. Most indicated that they believed any reduction in the mandatory age under the CSR System would not be consistent with the will of Congress. There is a strong feeling that the Agency's legal position should be strengthened in respect to retirement at 60 years of age under the CSR System.

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- b. No matter what the final Agency policy is, each senior official contacted agreed that this Agency needs a single, fairly administered policy applied across the board, without unreasonable extensions. Separate policies for each Directorate, or widespread use of extensions or contracts by one or more components of the Agency, will make the policy difficult to administer and will cause serious employee discontent. Personnel turned down for extensions during the past year frequently pointed to senior personnel who have been extended far beyond the mandatory retirement age. There is general agreement among those interviewed that extensions and contract employment for staff assignments after retirement are not consistent with the spirit and intent of the present policy. The one exception, generally accepted, is a one-year extension to write the Office history.
- c. Although to date there has not been a large number of optional retirements under the CIAR System, it is expected that optional retirements will increase significantly in the next few years as a large number of qualified personnel reach 55 years of age with over 30 years of service. It is considered unlikely that many employees will exercise the option of retiring before 55 years of age. In order to improve the CIAR System and to make retiring early more attractive, it was agreed that some financial inducement should be added to the CIAR System. Such inducement must be weighted heavily on encouraging acceptance of the earliest option. While most Office Directors believed added inducement would be effective, there was some feeling that this would encourage the best qualified to leave rather than have an across-the-board effect. In addition to added inducement for the CIAR System, there were some who suggested that consideration of this type be given to early retirees under the CSR System. It was the opinion of Mr. Echols that some inducement could be paid under the Director's administrative authority and would not require new legislation.
- d. Second careers play an important role in acceptance of the early retirement options. Most Support personnel can find employment outside Government but, in general, it was the opinion of senior personnel that these jobs paid less, had less prestige, and required that the retiree accept a lower level of responsibility. For most, second careers are neither financially rewarding nor desirable. Obtaining a second career is relatively easy at 50, but opportunities diminish rapidly as the employee reaches 60. Another factor, psychological adjustment to new and different surroundings, holds many employees back even if the new career is more financially rewarding. Relatively few, on their own, are ready to start new careers at 50 years of age.

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- e. Overseas rotation is an important reason for an early retirement program. Almost of equal importance is the necessity to provide room at the top to promote in order to recruit and retain younger personnel. While it is most certain that an arbitrary retirement age of 60 forces out well qualified and able personnel, it is believed that such a policy sweeps out a much larger number of personnel that have "peaked out" even earlier. While a limited number of extensions could protect the Agency's interest in retaining the exceptional employee past the age of 60, the overall thrust of the retirement program at 60 will permit the Support Services to staff overseas positions and to retain qualified younger personnel.
- f. Dr. Tietjen's remarks, spoken as the senior Agency medical officer, indicate clearly that the overall effectiveness of the Agency will suffer without some means of retiring personnel early. The types of assignments, work pressures, etc., clearly argue in favor of a younger work force.

5. CONCLUSIONS

- a. All Offices in the Support Services can live with the present Agency retirement policy.
- b. There is general agreement that the mandatory retirement age should remain at 60 and that it is politically impossible to reduce the mandatory age at this time. Two Support components would agree to raising the retirement age to 62.
- c. No matter what the retirement policy of this Agency is, there is complete agreement that there should be only one Agency policy, fairly administered, without unreasonable extensions of selected personnel.
- d. If the CIAR System is going to meet its objective of an early retirement program, some added financial inducement is necessary to make acceptance of the early option more attractive.
- e. Overseas rotation and career development remain the strongest reasons for an early retirement program.

6. RECOMMENDATIONS

- a. That the present Agency policy of retirement at 60 years of age be continued.

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- b. That the present Agency policy, with respect to early retirement under the CSR System, be legalized.
- c. Add financial inducement to the CIAR System to make the early optional retirement more desirable.
- d. That the Support Services stand firm for a single Agency retirement program.

Attachments:

- 1 - Summary of Support Services Career Service Statistics
- 2 - Comments of the Executive Officer to the DD/S and Support Career Service Statistics
- 3 - Comments of the Office of Medical Services and Office Statistics
- 4 - Comments of the Office of Communications and Office Statistics
- 5 - Comments of the Office of Finance and Office Statistics
- 6 - Comments of the Office of Logistics and Office Statistics
- 7 - Comments of the Office of Personnel and Office Statistics
- 8 - Comments of the Office of Security and Office Statistics
- 9 - Comments of the Office of Training and Office Statistics